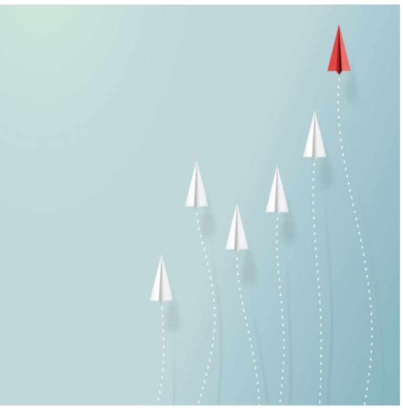

Market Rally: This TSX High-Growth Stock Has Soared 112% This Year!

Description

While restaurants are *still* trying to recover from the COVID-19 lockdown, demand for online food delivery has been on the rise.

Revenue in the online food delivery segment is projected to reach approximately US$2.5 billion this year. The restaurant-to-consumer delivery segment, which includes Uber Eats and DoorDash, makes up the largest portion with a projected market volume of US$1.6 billion in 2020.

Companies that provide food subscription delivery services have also seen their volumes dramatically increase during the pandemic.

Shares of one company, **Goodfood Market** (TSX:FOOD), have soared 112% this year! The stock opened on January 2 at $3.16. As of this writing, Goodfood is trading at $6.69.

Goodfood increases active subscribers

In fewer than five years of operation, Goodfood has grown to one of Canada's largest subscription delivery services. The company delivers more than 1,000,000 meals each month.

Members of Goodfood are able to choose meals from online menu selections that change weekly. The company delivers its recipes and grocery items, allowing customers to easily prepare meals at home.

Earlier this month, Goodfood announced it had reached 280,000 active subscribers. This includes the addition of 8,000 subscribers in the fourth quarter and 80,000 subscribers in the fiscal year ended August 31, 2020. This growth in membership represents an increase of 40% year over year.

Capital expenditures

Currently, Goodfood has two production facilities in Quebec (one fully operational), two production facilities in Ontario (one under construction), one production facility in Alberta, and one production facility in British Columbia.

In the company's recent third-quarter earnings release, revenue grew to a record $86.6 million, up $36.7 million, or [74% compared to the same period in 2019]. Goodfood also reported its first quarterly positive adjusted EBITDA of $6 million. The adjusted EBITDA was at near breakeven for the first nine months of the fiscal year.

The company finished the quarter in a strong cash position, generating [over $6 million of free cash flow] net of capital expenditures. For the first nine months of the fiscal year, Goodfood invested $5.8 million in capital expenditures. The company expects to spend approximately $10 million this year.

CFO Philippe St-Cyr Adam provided an outlook for the company. He said, "The current pandemic has changed habits across consumer markets. We've seen a sustained shift to grocery shopping completely online, and we expect the shift to accelerate over the coming years as consumers realize how easy and affordable it is to receive grocery items, purchase online, delivered directly at home."

The bottom line

Goodfood is a strong player in a strong industry.

The demand for meal-delivery companies has accelerated in the past few months due to the COVID-19 pandemic. The mandatory lockdowns created robust demand for these services, driving unprecedented subscriber additions.

It is likely that this demand will continue, as the public has "rekindled" its love of preparing and eating meals at home. Subscriber-based delivery services, like Goodfood, will make this easier than ever. As people return to work, the ease of food preparation at home will become even more important.

While there may be pent-up demand to return to dining out at restaurants, there is no clear timeline when restaurants will return to full capacity and if the dining public will feel safe returning to pre-pandemic levels.

Goodfood represents the future of "dining out" alternatives. This high-growth TSX stock should continue to reward investors.

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